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FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 6130

INFO USLO PEKING

AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY MOSCOW

AMEMBASSY RANGOON

AMEMBASSY ROME

AMEMBASSY SINGAPORE

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1. SUMMARY OF ACTIVITIES DURING THE REPORTING PERIOD
REPORTS ARE CONTINUING TO COME FROM STILL MORE PRC
INDSUTRIAL SECTORS ON PRODUCTION AT THE HALF-YEAR MARK. THE
TSAIDAM BASIN OIL PRODUCTION SHOWS UNEXPECTEDLY STRONG GROWTH
(ITEM 2), THE MACHINE TOOL INDUSTRY SHOWS GOOD GROWTH (ITEM 3),
WHLE THE SYNTHETIC FERTILIZER INDUSTRY, IMPORTANT TO
INCREASED AGRICULTURAL OUTPUT, SHOWS ONLY WEAK GROWTH (ITEM 4).

AGRICULTURE IS A FAIRLY BRIGHT SPOT, HOWEVER, AS INCREASED
ACREAGE AND EMPHASIS ON WATHER CONSERVANCY BOTH CONTRIBUTED TO
A GOOD SUMMER HARVEST (ITEM 6). AID FURHTER AGRICULTURAL
DEVELOPMENT IS THE FLOW OF
TECHNOLOGY FROM THE CITIES TO THE COUNTRYSIDE
(ITEM 7), AND FROM UN-SPONSORED ORGANIZATIONS TO THE PRC
(ITEM 8 AND 9).

IN TRADE AND AID, ACTIVITY DURING THE PERIOD REFLECTED
THE PRC'S CONTINUED STRONG INTEREST IN AFRICA. PEKING TALKED
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TRADE WITH TANZANIA AND XAMBIAN DELEGATION S(ITEM 10), AND
PROMOTED EXPORTS IN ZAIRE (ITEM 11). NORTH AFRICA WAS
FEATURED IN RECENT PUBLIC HEALTH RELATED ACTIVITIES,
WITH SPECIAL EMPHASIS ON MAURITANIA (ITEM 13).
END SUMMARY

2. TSAIDAM BASIN OIL DEVELOPMENT HINTS STRATEGIC SIGNIFIDANCE

THE RARELY MENTIONED TSAIDAM BASIN IN TSINGHAI PROVINCE FULFILLED 60 PERCENT OF ITS ANNUAL CRUDE OIL PRODUCTION PALN BY THE END OF JUNE (NCNA JULY 16). IN ADDITION, CAPITAL CONSTRUCTION AT AOILFIELDS AND GAS-FIELDS PROCEEDED AT A RAPID PACE AND THE WORK COMPLETED AS EQUIVALENT TO THE AGGREGATE DONE IN THE PAST THREE YEARS. FURTHER WORK WILL CONTINUE, AS PEKING IS PLANNING TO ASSIGN TO THE TSAIDAM AREA SOME OF THE COMPUTERIZED SEISMIC DATA PROCESSING EQUIPMENT IT JUST PURCHASED FROM HOUSTON'S GEO SPACE CORPORATION.

ON POSSIBLE REASON FOR ACCELERATING CAPITAL CONSTRUCTION AND OIL PRODUCTION IN FAR-OFF TSINGHAI IS TO IMPROVE OIL SUPPLIES TO SUPPORT EXPANDING ECONOMIC AND MILITARY DEVELOPMENT OF THE TIBET AND SIKAIANG FRONTIER WITH INDIA AND THE USSR. THE INCREASE IN PRODUCTION WILL POSSIBLY FEED THE PETROLEUM PIPELINE UNDER CONSTRUCTION TO THE TIBETAN PROVINCE CAPITAL OF LASA, JUST NORTH OF THE TROUBLED HIMALAYAN BORDER. (ER 9, HK -4839) FURTHER, ROADS FROM THE TSAIDAM BASIN TO SINKIANG'S KASHGAR AND ALSO TO LHASA NOW EXIST AND RAIL LINES ARE PROJECTED. LIMITED OFFICIAL USE

3. MACHINE BUILDING INDUSTRY' GOOD GROWTH

THE MACHINE BUILDING INDUSTRY PRODUCED 14 PERCENT MORE VALUE OF OUTPUT IN THE FIRST HALF OF 1975 THAN IN THE COMPARABLE PERIOD OF LAST YEAR (NCNA JULY 8). PEKING CLAIMS THAT OUTPUT HAS REACHED A RECORD HIGH BUT GROWTH WAS OBVIOUSLY NOT EVENLY DISTRIBUTED AMONG THE PRODUCT LINES SINCE ONLY 19 OF THE 36 MAJOR PRODUCTS FULFILLED THEIR HALF-YEARLY QUOTAS AND 30 OF THE 36 ARE LISTED AS HAVING INCREASED SUBSTANTIALLY OVER LAST YEAR'S FIRST HALF. WHILE THE OVERALL GROWTH RATE MUST BE CONSIDERED GOOD, THERE ARE OBVIOUSLY PROBLEM SECTORS. LIMITED OFFICIAL USE

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MACHINE TOOL PRODUCTION HAS BEEN HEAVILY STRESSED AS INDICATED BY THEIR WIDESPREAD RURAL USE. IN FACT, THE SMALL SCALE RURAL INDUSTRY DELEGATION, WHICH JUST LEFT THE PRC IN EARLY JULY, WAS SURPRISED AT THE LARGE NUMBERS OF MACHINE TOOLS FOUND IN THE COUNTRYSIDE. BESIDES ALLOWING THE COMMUNES TO PRODUCE THEIR OWN MACHINES AND SPARE-PARTS, THE MACHINE TOOLS ALSO CONTRIBUTED TO THE PROCESS OF SPREADING INDUSTRIAL SKILLS AND TECHNOLOGY IN RURAL AREAS.

4. PAPER INDUSTRY STATISTICS FOR 1974

OUTPUT OF THE CHINESE PAPER INDUSTRY MAY NOW BE ESTIMATED FOR 1974. PEKING REVIEW JULY 4 CLAIMS THAT THE PRODUCTION

OF PAPER IN CHINA IN 1974 WAS 80 PERCENT MORE THAN IN 1965 AND MONTHLY OUTPUT IN 1974 WAS SEVERAL TIMES THAT OF THE WHOLE OF 1949. USING FIGURES FROM THE LATEST JEC STUDY OF THE PRC ECONOMY, 1974 ESTIMATED PAPER PRODUCTION WAS 3.1 MILLION METRIC TONS, WHILE ESTIMATED NEWSPRINT PRODUCTION WAS ABOUT 291,420 TONS IN 1974. IN SPITE OF THESE INCREASES AVERAGING 7 PERCENT PER YEAR FOR PAPER AND 12.5 PERCENT FOR NEWSPRINT, THE PRC STILL IMPORTS PULP AND PAPER PRODUCTS FROM COUNTRIES INCLUDING FINLAND, CANADA, AND NEW ZEALAND, AND MANY PURCHASE PAPER PULP FROM THE US (PEKING 1262).

5. SLUGGISH FERTILIZER PRODUCTION

FIRST HALF CLAIMS FOR SYNTHETIC FERTILIZER OUTPUT RELEASED JULY 19 WERE GUARDED AS PEKING SAID ONLY THAT THE INCREASE IN FERTILIZER PRODUCTION FOR THIS PERIOD WAS ENOUGH TO YIELD FIVE MILLION TONS OF GRAIN OR 1.5 MILLION TONS OF COTTON. USING KNOWN YIELD RATIOS, THE FERTILIZER INCREASE CALCULATES OUT TO ONE TO ONE AND ONE-HALF MILLION TONS.

IF THE PRESENT TREND CONTINUES 1975 TOTAL PRODUCTION WILL SURPASS LAST YEAR'S 25 MILLION TONS BY ONLY ABOUT 10 PERCENT. THIS RESULT WOULD BE A DISAPPOINTMENT TO THE CHINESE SINCE THERE WAS NO APPRECIABLE INCREASE IN FERTILIZER PRODUCTION LIMITED OFFICIAL USE

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LAST YEAR.

AT PRESENT, THE INDUSTRY MAY STILL BE PLAGUED WITH LAST YEAR'S PROBLEMS. HIGH WORLD PRICES SEVERELY LIMITED PHOSPHATE ROCK IMPORTS WHICH PREVIOUSLY WENT TO LARGE SUPERPHOSPHATE PLANTS. INCREASED DOMESTIC SUPPLIES OF PHOSPHATE ROCK FELL FAR SHORT OF MAKING UP THE DIFFERENCE. IN ADDITION, THE NATIONAL SHORTAGE OF COAL HAD A DEPRESSING EFFECT ON THE NITROGENOUS FERTILIZER INDUSTRY.

A REMEDY FOR THESE PROBLEMS IS PRESENTLY BEING WORKED OUT, BUT WITH A TIME LAG. IN NITROGENOUS FERTILIZER, THE CHINESE WILL BE WELL SUPPLIED BY 1980 AFTER THE 13 IMPORTED AMMONIA-UREA COMPLEXES ARE ON STREAM. THE FIRST WILL PROBABLY BE FULLY OPERATING IN 1977. PHOSPHATE SUPPLIES ALSO CAN BE INCREASED DOMESTICALLY BECAUSE CHINA HAS ADEQUATE RESERVES. HOWEVER, THE MINES TAKE TIME AND INVESTMENT TO BRING INTO PRODUCTION AND WHEN FOREIGN PHOSPHATE ROCK WAS CHEAP DOMESTIC RESOURCES WERE NOT DEVELOPPED. UNCLASSIFIED

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6. GOOD START FOR THIS YEAR'S GRAIN HARVEST

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PEKING'S CLAIM OF ONLY A "GOOD" SUMMER HARVEST IS SUPPORTED
BY REPORTS FROM 19 OF CHINA'S 24 GRAIN PRODUCING PROVINCES
AND MUNICIPALITIES. (EARLY RICE WAS EXCLUDED FROM THAT

CLAIM, HOWEVER.) AN OVERALL BUMPER HARVEST OF WINTER WHEAT WAS THE MAIN CONTRIBUTOR AS THE BIG WINTER WHEAT PRODUCING PROVINCES IN NORTH CHINA ALL REPORTED INCREASES OF 10 PERCENT OR MORE.

IN SPITE OF WEATHER WHICH AGAIN HAS BEEN TOO DRY IN THE NORTH, THE SUMMER HARVEST WAS GOOD DUE IN PART TO THE WATER CONSERVANCY PROJECTS. DURING THE LAST WINTER-SPRING PERIOD THESE PROJECTS INVOLVED HANDLING 11 BILLION CUBIC METERS OF EARTH AND STONE-WORK. ALTHOUGH RECENT EFFORTS AT WATER CONSERVANCY ARE IMPRESSIVE AND ARE HAVING AN EFFECT, THE PROBLEM OF INSURING ADEQUATE WATER SUPPLIES IN THE NORTH IS FAR FROM SOLVED.

INCREASED TRIPLE CROPPING IS INCREASING THE ACREAGE SOWN TO WHEAT IN THE SOUTH. IT IS ALSO LEAVING LESS AND LESS TIME BETWEEN HARVESTING AND SOWING. THE MEDIA IS REPORTING MANY "CRASH REAPING AND SOWING" CAMPAIGNS IN THE PROVINCES. LAST YEAR THE INTERMEDIATE RICE HARVEST WAS UNUSUALLY TARDY AND THE LATE RICE CROP SUFFERED.

SO FAR THIS YEAR THERE IS NO INDICATION OF DISRUPTIONS TO THE AGRICULTURAL TIME TABLE. REPORTS OF THE EARLY RICE HARVEST ARE BEGINNING TO COME IN AND LOOK PROMISING. ALSO, SOME SPRING WHEAT IS NOW READY FOR HARVESTING IN THE NORTHEAST. HEILUNGKIANG, THE COUNTRY'S LARGEST SPRING WHEAT PRODUCING PROVINCE, REPORTS THAT MORE THAN 8 MILLION MOU ARE READY FOR HARVESTING. THIS IS A LITTLE OVER 25 PERCENT OF THAT PROVINCE'S WHEAT ACREAGE. THE FALL HARVEST, WHICH IS YET TO COME, IS STILL THE MOST IMPORTANT HARVEST ACCOUNTING FOR 60 PERCENT OF THE TOTAL ANNUAL OUTPUT OF GRAIN. UNCLASSIFIED

7. SOWING TECHNOLOGY IN THE COUNTRYSIDE

IN RECENT YEARS, THE EDUCATIONAL PUBLISHING HOUSE HAS ISSUED A SERIES OF READERS ON SUBJECTS INCLUDING SCIENCE
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AND TECHNOLOGY (NCNA JULY 18). THESE PUBLICATIONS ARE AIMED BASICALLY AT THE EDUCATED YOUTH IN THE COUNTRYSIDE. THEIR APPETITE FOR TECHNOLOGICAL WORKS IS VORACIOUS WITH CUSTOMERS' DEMAND OFTEN EXCEEDING THE SUPPLY OF POPULAR TITLES -- SUCH AS SCIENTIFIC PIG RAISING TEXTS, ACCORDING TO A MEMBER OF THE SMALL SCALE RURAL INDUSTRY DELEGATION. IN ONE INSTANCE IN A SMALL CHINESE TOWN, HE WAS WALKING ALONG THE STREET EXAMINING A PIG-RAISING TEXT HE HAD JUST PURCHASED IN THE TOWN'S ONLY BOOKSTORE. A CHINESE YOUTH APPROACHED THE FOREIGNER TO ASK IF THE BOOK WAS PURCHASED LOCALLY. WHEN ASSURED IT WAS, THE YOUTH EXCLAIMED "IT'S IN" AND RAN OFF AT A GALLOP TO PURCHASE HIS OWN COPY. SUCH TEXTS, USED BY EDUCATED YOUTH,

THUS CONTRIBUTE OVER THE LONG TERM TO IMPROVEMENT IN FARMING METHODS.

ONE APPARENT SUCCESS OF THE SMALL SCALE INDUSTRIES IS IN THE DIFFUSION OF TECHNOLOGY TO THE RURAL AREAS AND THE INCITING OF INTEREST IN SCIENTIFIC TOPICS THERE. FOR EXAMPLE, CHEMISTRY TEXTS WERE USED TO TEACH WORKERS AT RURAL FERTILIZER PLANTS THE NATURE OF THE REACTIONS THEY WERE CONTROLLING, EVEN THOUGH THIS KNOWLEDGE IS NOT DIRECTLY REQUIRED FOR THEIR WORK. IN SUM, THE DELEGATION WAS FAVORABLY IMPRESSED BY THE EFFORTS OF THE PUBLISHING HOUSES IN PROVIDING RURAL YOUTHS WITH A WIDE RANGE OF TECHNOLOGICAL TOPICS IN DETAILED YET SIMPLE TERMS. LIMITED OFFICIAL USE.

8. UN AGRICULTURAL TEAM TO VISIT PEKING

INCREASED PRC RECEPTIVENESS TO UN-SPONSORED AGRICULTURE-ORIENTED TECHNICAL EXCHANGES WAS INDICATED BY PEKING'S RECEPTION OF TWO RECENT VISITORS. THE HIGHLIGHT OF FAO DIRECTOR GENERAL BOERMA'S WEEK LONG VISIT TO PEKING WAS ARRANGING FOR A 10-PERSON STUDY MISSION FROM THE UN FOOD AND AGRICULTURE ORGANIZATION TO VISIT THE PRC IN SEPTEMBER (REUTER JULY 18). DURING THE FAO MISSION'S PROJECTED ONE-MONTH STAY, TECHNICAL INFORMATION, AND POSSIBLY SEEDS, WILL BE EXCHANGED. THIS VISIT WILL FOLLOW BY ALMOST EXACTLY ONE YEAR THAT OF THE NATIONAL ACADEMY OF SCIENCES SPONSORED AMERICAN PLANT SCIENTISTS DELEGATION, WHICH WAS FAVORABLY IMPRESSED WITH THE ORGANIZATION OF THE PRC AGRICULTURAL EXTENSION SYSTEM. LIMITED OFFICIAL USE
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TECHNICAL EXCHANGE, HOWEVER, IS UNLIKELY TO LEAD TO EXCHANGE OF CROP REPORTS, WHICH WAS ONE PART OF THE FAO FOOD RESERVES SCHEME REJECTED BY THE PRC (ER 11, HK-6031). LIMITED OFFICIAL USE.

9. PEKING HOSTS UN METEOROLOGICAL OFFICIAL

THE WORLD METEOROLOGICAL ORGANIZATION'S (WMO) HYDROLOGY AND WATER RESOURCES DEPARTMENT CHIEF ARRIVED IN PEKING JULY 6 AT THE INVITATION OF THE MINISTRY OF WATER CONSERVANCY AND POWER (NCNA). NO DETAILS OF THE VISIT WERE REPORTED. THE PRC RECENTLY HAS INCREASED ITS CONTACTS WITH THE WMO, AND FOR THE FIRST TIME ATTENDED A WMO CONGRESS (ER 9, HK-4839).

ANOTHER SECTION OF THE WMO SPONSORS A PROGRAM CALLED WORLD WEATHER WATCH, DESIGNED TO ESTABLISH A WORLD-WIDE NETWORK OF METEOROLOGICAL STATIONS AND PROMOTE RAPID EXCHANGE OF WEATHER DATA. IN THIS CONNECTION, HONG KONG ROYAL OBSERVATORY DIRECTOR SAID IN A PRESS CONFERENCE JUNE 26 THAT ABOUT

ONE YEAR AGO, HONG KONG AND PEKING AGREED TO EXCHANGE WEATHER INFORMATION. NOW HONG KONG IS WAITING FOR PEKING TO IMPLEMENT THE EXCHANGE, WHICH WILL BE CONDUCTED THROUGH SATELLITE COMMUNICATIONS. LIMITED OFFICIAL USE

10. TAN-ZAM TRADE DISCUSSIONS

GOVERNMENT TRADE DELEGATIONS FROM TANZANIA AND ZAMBIA VISITED PEKING ALMOST SIMULTANEOUSLY. THE ZAMBIAN DELEGATION UNDER COMMERCE MINISTER LUMINA ARRIVED JULY 10 (NCNA), WHILE THE TANZANIAN DELEGATION, LED BY A JUNIOR MINISTER OF COMMERCE AND INDUSTRIES ARRIVED JULY 14. BOTH LEFT THE PRC ON JULY 24, BUT BY COMPLETELY DIFFERENT ROUTES. NO DETAILS OF THE TALKS HAVE BEEN ANNOUNCED. WITH SERVICES ON THE TAN-ZAM RAILWAY SCHEDULED FOR INAUGURATION IN LATE JULY, THE LIKELY SUBJECT FOR THE TRADE DISCUSSIONS WAS REVISION OF BILATERAL COMMERCIAL RELATIONS. BOTH COUNTRIES IMPORTED PRC GOODS FOR RESALE TO GENERATE REVENUE TO COVER LOCAL CURRENCY COSTS OF THE \$400 MILLION PROJECT. NOW THEY MAY WANT TO PROTECT THEIR OWN INFANT INDUSTRIES FROM COMPETITION WITH PRC GOODS. ON THE OTHER HAND, THE PRC MAY START BUYING COPPER FROM ZAMBIA, LIMITED OFFICIAL USE
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POSSIBLY REDUCING ITS PURCHASES FROM CHILE. LIMITED OFFICIAL USE.

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12. FAIRS AND TRADE EXHIBITIONS--ZAIRE AND ECUADOR

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CONTINUING TO SHOW ITS COMMERCIAL INTERESTS IN ECONOMICALLY TROUBLED ZAIRE, THE PRC JOINED 40 OTHER NATIONS IN PARTICIPATING IN THE FOURTH KINSHASA INTERNATIONAL FAIR, WHICH CLOSED JULY 6 AFTER A TWO WEEK RUN (NCNA). PRESIDENT MOBUTU AND UGANDA PRESIDENT AMIN WERE AMONG THE HUNDREDS OF THOUSANDS OF VISITORS TO THE PRC PAVILION. THIS WAS THE SECOND CONSECUTIVE YEAR OF PRC PARTICIPATION IN THIS FAIR.

DUE TO ZAIRIAN BALANCE OF PAYMENT DIFFICULTIES THE JAPANESE GOVERNMENT RECENTLY SUSPENDED EXPORT INSURANCE COVERAGE OF TRANSACTIONS INVOLVING THAT COUNTRY. BY CONTRAST, IN DECEMBER 1974 THE PRC EXTENDED A \$10 MILLION LINE OF CREDIT FOR PURCHASE OF PRC CONSUMER GOODS, WHICH ARE TO ENTER ZAIRE DUTY FREE (LUBUMBASHI 479). THUS AT THE FOURTH KINSHASA FAIR THE PRC APPARENTLY PROMOTED ITS RANGE OF EXPORT GOODS TO BUYERS WHOSE ALTERNATE CHOICES ARE NOW REDUCED.

USING ITS TECHNIQUE OF DEVELOPING FOREIGN TRADE TO AID IN ESTABLISHING DIPLOMATIC RELATIONS, PEKING MOUNTED AN

ECONOMIC AND TRADE EXHIBITION IN ECUADOR. THE EXHIBITION CLOSED JULY 13 AFTER A TWO WEEK RUN DURING WHICH IT LOGGED MORE THAN 190,000 VISITORS (NCNA). WHILE THERE, THE PRC DELEGATION HEAD HELD SEPARATE TALKS WITH THE ECUADORIAN PRESIDENT AND FOUR GOVERNMENT MINISTERS. SO FAR, TRADE SEEMS TO HAVE BEEN PRIMARILY ONE WAY, WITH THE PRC PURCHASE OF ECUADORIAN BANANAS IN 1973. AT THE SAME TIME, A GOVERNMENT OF ECUADOR SPECIAL MISSION VISITED PEKING JULY 6-13 TO SIGN A TRADE AGREEMENT AND AN AGREEMENT ON THE ESTABLISHMENT OF COMMERCIAL OFFICES (PEKING 1273). THE MISSION'S VISITS TO A GENERAL MACHINERY PLANT AND A FARM MACHINERY PLANT MAY INDICATE POSSIBLE PRC EXPORT OPPORTUNITIES. PRC MACHINE TOOLS ARE CHEAP, UNSOPHISTICATED, BUT WELL BUILT, AND PROBABLY WILL FIND A MARKET THERE. PRC AGRICULTURAL MACHINERY WAS APPARENTLY FOUND BY THE JAMAICANS TO BE SUITABLE (ER 6, HK-3100), AND THE ECUADORIANS MAY WELL AGREE. LIMITED OFFICIAL USE.

12. SRI LANKA WATER CONSERVANCY PROJECT

FOLLOWING THEIR TWO WEEK VISIT TO THE PRC, SRI LANKA LIMITED OFFICIAL USE

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MINISTER OF IRRIGATION, POWER, AND HIGHWAYS SENANAYAKE AND DIRECTOR OF IRRIGATION PERERA DISCUSSED AT A PRESS CONFERENCE IN HONG KONG IMPLEMENTATION OF THE AGREEMENT TO CONSTRUCT THE GIN GANGA WATER CONSERVANCY PROJECT (SOUTH CHINA MORNING POST JULY 11). A TEAM OF CHINESE ENGINEERS HAS COMPLETED THE FEASIBILITY STUDY, AND IS NOW DRAWING UP PLANS FOR THE FLOOD PREVENTION AND IRRIGATION PROJECT, WHICH WILL COST OVERALL RMB 30 MILLION (ABOUT \$16 MILLION). CONSTRUCTION WORK IS SCHEDULED TO START NEXT YEAR, AND TAKE FOUR YEARS TO COMPLETE, THOUGH PERERA STATED THAT THE PRC HAS A REPUTATION FOR COMPLETING ITS PROJECTS AHEAD OF SCHEDULE). CHINESE WORKERS ON THE PROJECT WILL INCLUDE TECHNICAL AND ENGINEERING PERSONNEL FROM THE WATER CONSERVANCY DEPARTMENT OF HUNAN PROVINCE. THOUGH THE MINISTER REFUSED TO DISCUSS FINANCING OF THE PROJECT, IT IS COVERED UNDER THE PROTOCOL SIGNED IN COLOMBO JULY 12, 1974.

THE PRC HAS PROVIDED VARIOUS FORMS OF ASSISTANCE TO SRI LANKA'S EFFORTS TO ACHIEVE AGRICULTURAL SELF-SUFFICIENCY, INCLUDING THE DONATION OF 350 WATER PUMPS AND OTHER AGRICULTURAL EQUIPMENT TO PM GAANDARANIKE'S SON IN MARCH (COLOMBO 937). DUE IN PART TO UNFAVORABLE WEATHER, SRI LANKA SUFFERED A SHORTFALL IN RICE PRODUCTION LAST YEAR AND REQUIREMENT FOR INCREASED PRC RICE UNDER THE BILATERAL RICE-RUBBER AGREEMENT (COLOMBO 362). THE GIN GANGA PROJECT SHOULD PRESUMABLY GO A LONG WAY TOWARD HELPING SRI LANKA ACHIEVE INCREASED STABLE RICE YIELDS. UNCLASSIFIED

13. PUBLIC HEALTH EXCHANGES FEATURE NORTH AFRICA, ESPECIALLY MAUR MEZIA

PEKING'S CONTINUING INTEREST IN USING MEDICAL WID#PHAR-OPCAYACYAL#EXCHANGES TO PROMOTE GRIENFWY#RELATIONS WAS HIGHLIGHTED RCENTLY BY DEVELOPMENTS IN NORTH AFRIKA. CISING# THE PRC MKICAL TDQMS#ALREADY I J Z#COUNTRY, MAURITIAN

MINISTER FOR HEALTH AND SOCIAL AFFAIRS ABDALLAHI OULD BAH, AT A WELCOMING BANQUET IN PEKING, EXPRESSED HOPE THAT HIS VISIT WOULD PROMOTE FURTHER COOPERATION BETWEEN THE TWO COUNTRY'S MEDICAL CIRCLES (NCNA JULY 25). EARLIER, THE LIMITED OFFICIAL USE

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MINISTER HAD HOSTED A RECEPTION JULY 1 IN NOUAKCHOTT TO MARK A CHANGEOVER IN CHINESE PERSONNEL TO STAFF THE PRC MEDICAL AID TEAM (NCNA). RETURNING TO PEKING ABOUT THE SAME TIME WAS A PRC MEDICINAL PLANTS STUDY GROUP, WHICH COLLECTED OVER 100 SPECIMENS DURING A THREE MONTH STAY THERE (NCNA JULY 1).

PRC AID TO THE ALGERIAN PUBLIC HEALTH PROGRAM INCLUDES CONSTRUCTION OF A SURGICAL INSTRUMENTS FACTORY IN MEDEA. UNDER AN AGREEMENT SIGNED IN ALGIERS ON MAY 27, WORK WILL BEGIN EARLY IN 1976 ON THE FACTORY, WHICH WILL HAVE AN ANNUAL PRODUCTION OF FIVE MILLION INSTRUMENTS, COVERING 16 KINDS

AND 111 MODELS (RADIO ALGIERS AND APS MAY 27). THE FACTORY WILL EMPLOY INITIALLY 300 WORKERS, AND COST 30 MILLION ALGERIAN DINARS (ABOUT \$10 MILLION). TUNESIA, WHICH HAD PREVIOUSLY ALSO REQUESTED AN EXPANISON OF THE PRC MEDICAL AID PROGRAM THERE, HELD A RECEPTION JULY 18 ALSO MARKING PRC MEDICAL PERSONNEL CHANGEOVER (NCNA). UNCLASSIFIED

14. AID: GUINEA-BISSAU

THE WEST AFRICAN COUNTRY OF GUINEA-BISSAU BECAME THE SECOND FORMER PORTUGUESE COLONY, AFTER MOZAMBIQUE (ER 14, HK-7963), TO RECEIVE AID FROM THE PRC. IN PEKING JULY 9, FM CHIAO KUAN-HUA AND COMMISSIONER SAUDE MARIA SIGNED AN ECONOMIC AND TECHNICAL ASSISTANCE AGREEMENT (NCNA). AS USUAL NO DETAILS WERE RELEASED. HOWEVER, THE DELEGATION DID VISIT A PEKING RADIO FACTORY WHICH SUGGESTS THAT PEKING MAY CONSTRUCT A RADIO TRANSMITTER THERE, AS IT HAS DONE IN SEVERAL AFRICAN COUNTRIES INCLUDING THE CONGO (B), MALI, SOMALIA AND TANZANIA. LIMITED OFFICIAL USE

15. RECENT REPORTS ON ECONOMIC TOPICS

HK-7890 PRESS RUMORS THAT BANK OF AMERICA TO REOPEN
SHANGHAI BRANCH

HK-8216 MORE PRC MINI-FAIRS

HK-8335 MORE PRC TEXTILE MINI-FAIRS?
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HK-8550 SINO-AUSTRALIAN TEXTILE AND FOOTWEAR RESTRAINT
NEGOTIATIONS

HK-8560 PEKING CONTINUES TO EMPHASIZE STEEL
CROSS

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